

(ii) For which the security being auctioned is one of several securities that may be delivered; or

(iii) That are cash-settled.

(c) *Competitive*. A bidder bidding non-competitively for its own account may not bid competitively for its own account in the same auction.

(1) *Bid format*—(i) *Treasury bills*. For all bills except cash management bills, a competitive bid must show the discount rate bid, expressed with three decimals in .005 percent increments. The third decimal must be either a zero or a five, e.g., 5.320 or 5.325. Fractions may not be used. For cash management bills, a competitive bid must show the discount rate bid, expressed with two decimals in .01 percent increments, e.g., 5.14. Fractions may not be used.

(ii) *Treasury fixed-principal securities*. A competitive bid must show the yield bid, expressed with three decimals, e.g., 4.170. Fractions may not be used.

(iii) *Treasury inflation-indexed securities*. A competitive bid must show the real yield bid, expressed with three decimals, e.g., 3.070. Fractions may not be used.

(2) *Maximum recognized bid*. There is no limitation on the maximum dollar amount that a bidder may bid for competitively, either at one yield or discount rate, or at different yields or discount rates. However, a competitive bid by a bidder at a single yield or discount rate that exceeds 35% of the public offering amount will be reduced to that amount. For example, if the public offering is \$10 billion, the maximum bid amount that will be recognized at any one yield or discount rate from any bidder is \$3.5 billion. (See § 356.22 for award limitations.)

[58 FR 414, Jan. 5, 1993, as amended at 60 FR 13907, Mar. 15, 1995; 62 FR 851, Jan. 6, 1997; 62 FR 32033, June 12, 1997; 62 FR 43093, Aug. 12, 1997; 63 FR 4187, Jan. 28, 1998]

§ 356.13 Net long position.

(a) *Reporting net long positions*. When bidding competitively, a bidder must report the amount of its net long position when the total of all of its bids in an auction plus the bidder's net long position in the security being auctioned equals or exceeds the net long position reporting threshold amount. The net long position reporting thresh-

old amount for any particular security will be as stated in the offering announcement for that security. (See § 356.10.) That amount will be \$1 billion for bills, and \$2 billion for notes and bonds, unless otherwise stated in the offering announcement. If the bidder either has no position or has a net short position and the total of all of its bids equals or exceeds the net long position reporting threshold amount, e.g., \$1 billion for bills and \$2 billion for notes and bonds, a net long position of zero must be reported. In cases where a bidder that is required to report the amount of its net long position has more than one bid, the bidder's total net long position should be reported in connection with only one bid. A bidder that is a customer must report its reportable net long position through only one depository institution or dealer. (See § 356.14(c).)

(b) *Determination of net long position*. The net long position must be determined as of the designated reporting time, which is one-half hour prior to the closing time for receipt of competitive bids. A net long position includes the par amount of:

(1) Holdings of outstanding securities with the same CUSIP number as the security being auctioned;

(2) Positions, in the security being auctioned, in

(i) When-issued trading,

(ii) Futures contracts that require delivery of the specific security being auctioned (but not futures contracts for which the security being auctioned is one of several securities that may be delivered, and not futures contracts that are cash-settled), and

(iii) Forward contracts; and

(3) Holdings of STRIPS principal components of the security being auctioned, including when-issued trading positions of such principal components.

[58 FR 414, Jan. 5, 1993, as amended at 62 FR 25115, May 8, 1997; 62 FR 43093, Aug. 12, 1997]

§ 356.14 Submitting bids for customers.

Depository institutions and dealers may submit bids for their own account, for their customers, or for customers of intermediaries, subject to the requirements set out in paragraphs (a), (b),